

Oversight Board for Successor Agency
to the City of Santa Clara
Redevelopment Agency



Date: January 21, 2016

To: Oversight Board for Action

From: City Manager/Executive Officer to Successor Agency

Subject: Adoption of a Resolution of the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency Relating to the Prepayment of 2011 Cooperation and Predevelopment Funding Agreement Debt

EXECUTIVE SUMMARY:

On January 7 and 8, 2016, a global Settlement Agreement was executed by all parties to settle all claims and cross-claims related to Redevelopment Dissolution Legislation provisions. This Settlement Agreement was effective on January 11, 2016. The Settlement Agreement called for the City of Santa Clara and its Agencies to make certain payments to the Successor Agency and to use those monies, along with the sales proceeds from selling properties specified in the approved Long-Range Property Management Plan, to make payments against the Successor Agency's debts and other enforceable obligations.

Cash flow projections indicate that the Successor Agency now has the ability to prepay its 2011 Cooperation and Predevelopment Funding Agreement debt in its entirety (ROPS 15-16B line item 8). This debt can be prepaid immediately with no pre-payment penalty, yielding immediate interest savings totaling an estimated \$500,337.

BACKGROUND AND ANALYSIS:

The 2011 Cooperation and Predevelopment Funding Agreement debt can be prepaid on any date without incurring a pre-payment penalty or other costs. Staff also evaluated using the available cash toward a partial call of 2003 Tax Allocation Bonds but those bonds are only callable on June 1 and December 1 of each year and a partial call would trigger one-time fee and costs which would have to be paid again once sufficient monies from land sale proceeds allowed for the call of the rest of the bonds.

The current principal outstanding of \$12,027,594 can be prepaid at any time along with interest that has accrued since the last payment date of July 1, 2015 totaling about \$318,388 (based on an estimated February 1, 2016 prepayment date). The Successor Agency currently has sufficient cash balance to pay off this amount without affecting its ability to make the other payments toward enforceable obligations called for on ROPS 15-16B. The estimated interest savings of a little over \$0.5 million would benefit the taxing entities in that following the payoff of all of the Agency's enforceable obligations, the amount of any remaining cash leftover to be distributed would be greater.

The attached resolution authorizes the use of other available funding sources to achieve the full prepayment of 2011 Cooperation and Predevelopment Funding Agreement debt, resulting in maximum savings to the taxing entities.

Oversight Board for Action

Subject: Resolution Relating to the Prepayment of 2011 Cooperation and Predevelopment Funding Agreement Debt

January 21, 2016

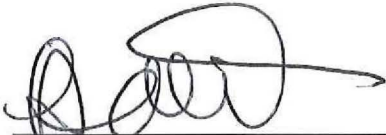
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FISCAL IMPACT:

The full prepayment of the 2011 Cooperation and Predevelopment Funding Agreement debt is expected to result in an estimated \$0.5 million of interest savings to the taxing entities. Due to the payments to the Successor Agency called for in the Settlement Agreement, the Successor Agency currently has sufficient monies to fully prepay the amount of outstanding principal and interest once the Resolution has been approved by the Oversight Board and the Department of Finance.

RECOMMENDATION:

That the Oversight Board adopt a Resolution of the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency relating to prepayment of 2011 Cooperation and Predevelopment Funding Agreement debt.



Julio J. Fuentes

City Manager/Executive Officer to Successor Agency

Documents Related to this Report:

- 1) *Resolution/Prepayment of 2011 Cooperation and Predevelopment Funding Agreement Debt*

RESOLUTION NO. 2016- __ (OVERSIGHT BOARD)

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA
REDEVELOPMENT AGENCY RELATING TO THE
PREPAYMENT OF 2011 COOPERATION AND
PREDEVELOPMENT FUNDING AGREEMENT DEBT**

WHEREAS, the California Legislature enacted Part 1.85 of the Health and Safety Code, Sections 34170 et seq. (the “Dissolution Law”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.);

WHEREAS, pursuant to Health and Safety Code section 34173, the City Council of the City of Santa Clara (the “City Council”) declared that the City of Santa Clara, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the dissolved City of Santa Clara Redevelopment Agency (the “RDA”) effective February 1, 2012;

WHEREAS, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

WHEREAS, in 2011 the Santa Clara Redevelopment Agency entered into a Cooperation Agreement with the Santa Clara Stadium Authority and a Predevelopment Funding Agreement with the Santa Clara Stadium Authority and the Forty Niners Stadium, LLC (collectively the “2011 Cooperation and Predevelopment Funding Agreements”);

WHEREAS, on September 23, 2013 the Oversight Board approved certain amendments to the 2011 Cooperation and Predevelopment Funding Agreements in settlement of litigation that determined that the 2011 Cooperation and Predevelopment Funding Agreements were enforceable obligations (“Amended 2011 Cooperation and Predevelopment Funding Agreements”); and

WHEREAS, the Amended 2011 Cooperation and Predevelopment Funding Agreements allow for prepayment of the amounts owed at any time; and

WHEREAS, the Amended 2011 Cooperation and Predevelopment Funding Agreements are listed on the Successor Agency's State Department of Finance-approved Recognized Obligation Payment Schedule as Item 8; and,

WHEREAS, the Successor Agency has available funds in excess of the amounts needed to pay its current obligations on enforceable obligations sufficient to allow for full prepayment of the amounts owed on the Amended 2011 Cooperation and Predevelopment Funding Agreements; and,

WHEREAS, the Oversight Board finds that this Resolution would result in reduced liabilities, increased revenues, and is in the best interests of the affected taxing entities and that the prepayment of the Amended 2011 Cooperation and Predevelopment Funding Agreements will save the taxing entities about \$500,000 in interest;

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. The Oversight Board authorizes the Successor Agency to use available funds to fully repay the amounts owed on the Amended 2011 Cooperation and Predevelopment Funding Agreements in the amount of \$12,027,594 plus interest accrued to the date of prepayment.

SECTION 3. The implementation of this plan is consistent with Health and Safety Code Sections 34181(e) and 34171(d)(1)(E) and does reduce liabilities, increases revenues and is in the best interest of the taxing entities.

SECTION 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

SECTION 5. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or application; and to this end, the provisions of this Resolution are declared to be severable.

SECTION 6. Third Party Beneficiary Enforcement. All taxing entities as defined in Health and Safety Code Section 34171(k) affected by the RDA's dissolution are express third party beneficiaries of this Resolution. It is the intent of this Resolution to authorize such taxing entities to the fullest extent authorized under law to enforce this Resolution in a court of competent jurisdiction or otherwise.

CERTIFICATION

I HEREBY CERTIFY THE FORGOING TO BE A TRUE COPY OF A RESOLUTION
PASSED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AT A SPECIAL
MEETING THEREOF HELD ON ____ DAY OF JANUARY 2016, BY THE FOLLOWING
VOTE:

AYES: BOARD MEMBERS

NOES: BOARD MEMBERS

ABSTAIN: BOARD MEMBERS

ABSENT: BOARD MEMBERS

APPROVE:

ATTEST:

Don F. Gage
Chairperson

Jennifer Yamaguma
Clerk to the Oversight Board